

COOPER INDUSTRIES LTD

Form 10-Q

November 05, 2004

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10-Q

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended September 30, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-31330

Cooper Industries, Ltd.

(Exact name of registrant as specified in its charter)

Bermuda

98-0355628

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

600 Travis, Suite 5800

Houston, Texas 77002

(Address of principal executive offices)

(Zip Code)

(713) 209-8400

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of registrant's common stock outstanding as of October 31, 2004 was 91,776,031 Class A common shares that are held by the public and 3,700,200 Class A common shares and 54,810,129 Class B common shares that are held by the issuer's wholly-owned subsidiaries.

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****COOPER INDUSTRIES, LTD.****CONSOLIDATED INCOME STATEMENTS**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(in millions, where applicable)			
Revenues	\$1,140.2	\$1,048.7	\$3,314.1	\$3,017.4
Cost of sales	798.4	744.8	2,315.6	2,136.2
Selling and administrative expenses	211.6	197.3	632.0	584.5
Restructuring				(14.3)
	<u>130.2</u>	<u>106.6</u>	<u>366.5</u>	<u>311.0</u>
Operating earnings	130.2	106.6	366.5	311.0
Interest expense, net	17.0	18.3	51.3	57.9
	<u>113.2</u>	<u>88.3</u>	<u>315.2</u>	<u>253.1</u>
Income before income taxes	113.2	88.3	315.2	253.1
Income taxes	23.9	17.7	64.3	53.5
	<u>\$ 89.3</u>	<u>\$ 70.6</u>	<u>\$ 250.9</u>	<u>\$ 199.6</u>
Net income	\$ 89.3	\$ 70.6	\$ 250.9	\$ 199.6
Income per common share:				
Basic	<u>\$.97</u>	<u>\$.76</u>	<u>\$ 2.71</u>	<u>\$ 2.16</u>
Diluted	<u>\$.95</u>	<u>\$.75</u>	<u>\$ 2.65</u>	<u>\$ 2.14</u>
Cash dividends per common share	<u>\$.35</u>	<u>\$.35</u>	<u>\$ 1.05</u>	<u>\$ 1.05</u>

The accompanying notes are an integral part of these statements.

Table of Contents**COOPER INDUSTRIES, LTD.****CONSOLIDATED BALANCE SHEETS**

	September 30, 2004	December 31, 2003
	(in millions)	
ASSETS		
Cash and cash equivalents	\$ 495.6	\$ 463.7
Receivables	836.9	738.6
Inventories	543.4	552.0
Deferred income taxes and other current assets	130.4	206.5
	<hr/>	<hr/>
Total current assets	2,006.3	1,960.8
	<hr/>	<hr/>
Property, plant and equipment, less accumulated depreciation	674.6	711.4
Goodwill	2,069.1	2,056.6
Deferred income taxes and other noncurrent assets	227.0	236.5
	<hr/>	<hr/>
Total assets	\$4,977.0	\$4,965.3
	<hr/>	<hr/>
LIABILITIES AND SHAREHOLDERS EQUITY		
Short-term debt	\$ 7.6	\$ 6.2
Accounts payable	339.7	329.1
Accrued liabilities	447.7	433.7
Accrual for discontinued operations	199.3	252.5
Current maturities of long-term debt	182.1	0.4
	<hr/>	<hr/>
Total current liabilities	1,176.4	1,021.9
	<hr/>	<hr/>
Long-term debt	1,146.9	1,336.7
Postretirement benefits other than pensions	175.2	181.1
Other long-term liabilities	329.3	307.4
	<hr/>	<hr/>
Total liabilities	2,827.8	2,847.1
	<hr/>	<hr/>
Common stock, \$.01 par value	0.9	0.9
Capital in excess of par value	389.9	518.0

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Retained earnings	1,915.8	1,762.8
Accumulated other nonowner changes in equity	<u>(157.4)</u>	<u>(163.5)</u>
Total shareholders' equity	<u>2,149.2</u>	<u>2,118.2</u>
Total liabilities and shareholders' equity	<u>\$4,977.0</u>	<u>\$4,965.3</u>

The accompanying notes are an integral part of these statements.

Table of Contents**COOPER INDUSTRIES, LTD.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Nine Months Ended September 30,	
	2004	2003
	(in millions)	
Cash flows from operating activities:		
Net income	\$ 250.9	\$ 199.6
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	88.8	91.6
Deferred income taxes	29.0	61.6
Restructuring charge payments	(3.8)	(15.0)
Changes in assets and liabilities: ⁽¹⁾		
Receivables	(97.2)	(81.2)
Inventories	10.7	23.4
Accounts payable and accrued liabilities	(4.1)	(25.6)
Other assets and liabilities, net	86.2	1.2
	<hr/>	<hr/>
Net cash provided by operating activities	360.5	255.6
Cash flows from investing activities:		
Capital expenditures	(64.1)	(53.9)
Cash paid for acquired business	(10.1)	
Proceeds from sales of property, plant and equipment and other	8.5	9.9
	<hr/>	<hr/>
Net cash used in investing activities	(65.7)	(44.0)
Cash flows from financing activities:		
Proceeds from issuances of debt	2.2	4.3
Repayments of debt	(1.7)	(170.8)
Dividends	(97.9)	(97.1)
Subsidiary purchase of parent shares	(202.9)	(5.4)
Activity under employee stock plans and other	37.2	41.4
	<hr/>	<hr/>
Net cash used in financing activities	(263.1)	(227.6)
Effect of exchange rate changes on cash and cash equivalents	0.2	7.9
	<hr/>	<hr/>
Increase (Decrease) in cash and cash equivalents	31.9	(8.1)
Cash and cash equivalents, beginning of period	463.7	302.0
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Cash and cash equivalents, end of period	\$ 495.6	\$ 293.9
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(1) Net of the effects of acquisitions and translation.
The accompanying notes are an integral part of these statements.

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COOPER INDUSTRIES, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Accounting Policies

Basis of Presentation - The consolidated financial statements of Cooper Industries, Ltd., a Bermuda company (Cooper), have been prepared in accordance with generally accepted accounting principles in the United States.

The financial information presented as of any date other than December 31 has been prepared from the books and records without audit. Financial information as of December 31 has been derived from Cooper s audited financial statements, but does not include all disclosures required by generally accepted accounting principles. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial information for the periods indicated, have been included. For further information regarding Cooper s accounting policies, refer to the Consolidated Financial Statements and related notes for the year ended December 31, 2003 included in Part IV of Cooper s 2003 Annual Report on Form 10-K.

Recently Issued Accounting Standards In May 2004, the Financial Accounting Standards Board issued FASB Staff Position 106-2 *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003* (FSP 106-2). FSP 106-2 provides guidance on accounting for the effects of the new Medicare prescription drug legislation by employers whose prescription drug benefits are actuarially equivalent to the drug benefit under Medicare Part D. Cooper has concluded that the effects of FSP 106-2 do not constitute a significant event as it relates to Cooper s other postretirement benefits. Accordingly, Cooper will incorporate the effects of FSP 106-2 in the next measurement of assets and obligations of the postretirement plans affected by FSP 106-2.

Note 2. Stock-Based Compensation

Under Cooper stock option plans, officers, directors and key employees may be granted options to purchase Cooper s common stock at no less than 100% of the market price on the date the option is granted. Options generally become exercisable ratably over a three-year period commencing one year from the grant date and have a maximum term of ten years. The plans also provide for the granting of performance-based stock awards and restricted stock awards to certain key executives that generally vest over periods ranging from three to five years.

Effective January 1, 2003, Cooper adopted Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* (SFAS No. 123), as amended. Cooper utilized the prospective method of adoption. Cooper accounts for stock-based compensation awards granted, modified or settled prior to January 1, 2003 using the intrinsic value method of accounting as prescribed by Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* and related interpretations (APB No. 25). SFAS No. 123 provides an alternative fair value based method for recognizing stock-based compensation in which compensation expense is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. The fair value of stock options granted was estimated using the Black-Scholes option-pricing model. The fair value of restricted stock and performance-based awards granted was measured at the market price on the grant date. Stock-based compensation expense was \$16.1 million and \$7.6 million during the nine months ended September 30, 2004 and 2003, respectively.

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The following table presents pro forma income and earnings per share as if the fair value based method had been applied to all outstanding and unvested awards in each period.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(in millions)			
Net income, as reported	\$89.3	\$70.6	\$250.9	\$199.6
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	2.7	1.7	9.6	4.5
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(2.3)	(3.9)	(11.3)	(12.0)
Pro forma net income	<u>\$89.7</u>	<u>\$68.4</u>	<u>\$249.2</u>	<u>\$192.1</u>
Earnings per share:				
Basic as reported	\$.97	\$.76	\$ 2.71	\$ 2.16
Basic pro forma	\$.98	\$.74	\$ 2.69	\$ 2.08
Diluted as reported	\$.95	\$.75	\$ 2.65	\$ 2.14
Diluted pro forma	\$.95	\$.73	\$ 2.63	\$ 2.07

Note 3. Acquisitions

In March 2004, Cooper acquired a manufacturer of specification and commercial grade lighting fixtures for \$10.1 million.

Note 4. Inventories

	September 30, 2004	December 31, 2003
	(in millions)	
Raw materials	\$190.3	\$ 182.8
Work-in-process	119.3	113.9
Finished goods	336.8	346.3
Perishable tooling and supplies	14.3	20.6
	<u>660.7</u>	<u>663.6</u>

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Allowance for excess and obsolete inventory	(58.7)	(47.6)
Excess of current standard costs over LIFO costs	<u>(58.6)</u>	<u>(64.0)</u>
Net inventories	<u>\$543.4</u>	<u>\$ 552.0</u>

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Table of Contents**Note 5. Long-Term Debt**

Effective August 6, 2004, Cooper terminated the shelf registration with respect to the \$225 million of debt securities that was still available for issuance.

Note 6. Shareholders Equity

At September 30, 2004, 91,445,028 Class A common shares, \$.01 par value were issued and outstanding (excluding the 3,700,200 Class A common shares held by wholly-owned subsidiaries as discussed below) compared to 93,797,765 Class A common shares, \$.01 par value (excluding the 1,130 Class A common shares held by wholly-owned subsidiaries) at December 31, 2003. During the first nine months of 2004, Cooper issued 1,347,463 Class A common shares primarily in connection with employee incentive and benefit plans and Cooper's dividend reinvestment program. During the first nine months of 2004, Cooper's wholly-owned subsidiaries purchased 3,700,200 Class A common shares for \$202.9 million. The share purchases are recorded by Cooper's wholly-owned subsidiaries as an investment in its parent company that is eliminated in consolidation. During the first nine months of 2004, 1,130 Class A common shares held by wholly-owned subsidiaries were issued primarily to satisfy the matching obligation under the Retirement Savings and Stock Ownership Plan, leaving 3,700,200 Class A common shares held by wholly-owned subsidiaries at September 30, 2004. On November 2, 2004, Cooper's Board of Directors authorized the purchase of up to five million shares of Cooper's Class A common stock. This authorization is in addition to 161,050 shares remaining available for purchase under an existing five million share authorization approved in February 2000.

A wholly-owned subsidiary also owns all the issued and outstanding Class B common shares. The subsidiary's investment in the Class B common shares is eliminated in consolidation. If at any time a dividend is declared and paid on the Class A common shares, a like dividend shall be declared and paid on the Class B common shares in an equal amount per share. During the first nine months of 2004, Cooper's wholly-owned subsidiaries waived their rights to receive the regular quarterly dividend of \$.35 per share (or an aggregate of \$61.1 million) on all shares held.

Note 7. Segment Information

	Revenues			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(in millions)			
Electrical Products	\$ 952.2	\$ 861.2	\$2,771.8	\$2,504.4
Tools & Hardware	188.0	187.5	542.3	513.0
Total revenues	<u>\$1,140.2</u>	<u>\$1,048.7</u>	<u>\$3,314.1</u>	<u>\$3,017.4</u>

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	Operating Earnings			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(in millions)			
Electrical Products	\$ 131.2	\$ 115.2	\$ 381.4	\$ 324.7
Tools & Hardware	18.3	9.0	42.7	22.5
Segment operating earnings	149.5	124.2	424.1	347.2
Restructuring				(14.3)
General Corporate expenses	19.3	17.6	57.6	50.5
Total operating earnings	130.2	106.6	366.5	311.0
Interest expense, net	17.0	18.3	51.3	57.9
Income before income taxes	\$ 113.2	\$ 88.3	\$ 315.2	\$ 253.1

Note 8. Pension and Other Postretirement Benefits

	Pension Benefits			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(in millions)			
Components of net periodic benefit cost:				
Service cost	\$ 4.1	\$ 4.3	\$ 12.2	\$ 12.7
Interest cost	10.4	10.5	31.1	31.5
Expected return on plan assets	(11.7)	(10.0)	(35.1)	(30.1)
Amortization of unrecognized transition obligation		0.1		0.3
Amortization of prior service cost	0.2	0.1	0.5	0.4
Recognized actuarial loss	1.8	2.2	5.4	6.7
Net periodic benefit cost	\$ 4.8	\$ 7.2	\$ 14.1	\$ 21.5

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	Other Postretirement Benefits			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(in millions)			
Components of net periodic benefit cost:				
Service cost	\$	\$	\$ 0.1	\$ 0.1
Interest cost	2.1	2.3	6.2	6.9
Recognized actuarial gain	(0.7)	(0.8)	(2.1)	(2.6)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net periodic benefit cost	\$ 1.4	\$ 1.5	\$ 4.2	\$ 4.4
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Note 9. Net Income Per Common Share

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
		(in millions)		
Basic:				
Net income applicable to common stock	\$89.3	\$70.6	\$250.9	\$199.6
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Weighted average common shares outstanding	91.8	92.7	92.5	92.3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Diluted:				
Net income applicable to common stock	\$89.3	\$70.6	\$250.9	\$199.6
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Weighted average common shares outstanding	91.8	92.7	92.5	92.3
Incremental shares from assumed conversions: Options, performance-based stock awards and other employee awards	2.2	1.4	2.2	0.8
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Weighted average common shares and common share equivalents	94.0	94.1	94.7	93.1



Options and employee awards are not considered in the calculations if the effect would be antidilutive.

Table of Contents**Note 10. Net Income and Other Nonowner Changes in Equity**

The components of net income and other nonowner changes in equity, net of related taxes, were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(in millions)			
Net income	\$ 89.3	\$ 70.6	\$250.9	\$ 199.6
Foreign currency translation gains (losses)	3.1	(1.2)	4.9	12.3
Change in fair value of derivatives	(0.1)	0.9	1.2	(2.1)
	\$ 92.3	\$ 70.3	\$257.0	\$209.8
Net income and other nonowner changes in equity	\$ 92.3	\$ 70.3	\$257.0	\$209.8

Note 11. Restructuring

During the fourth quarter of 2003, Cooper recorded net restructuring charges of \$16.9 million, or \$13.6 million after taxes (\$.14 per diluted common share). This represented costs associated with restructuring projects undertaken in 2003 of \$18.4 million, partially offset by a \$1.5 million adjustment of estimates for restructuring projects initiated in 2002.

The most significant action included in the charges was an announcement of the closing of Cooper Wiring Devices manufacturing operations in New York City. This action will include the withdrawal from a multiple-employer pension plan. Cooper recorded a \$12.5 million obligation as an estimate of Cooper's portion of unfunded benefit obligations of the plan. The remaining \$5.9 million charge primarily represents severance for announced employment reductions at several locations. The 2003 net impact of the charges was \$16.4 million on the Electrical Products segment, \$(0.4) million on the Tools & Hardware segment and \$0.9 million related to General Corporate. As of September 30, 2004, Cooper had paid a total of \$4.4 million for these actions, all of which was for severance and related costs.

A total of 114 salaried and 150 hourly personnel were scheduled to be eliminated as a result of these actions, and substantially all personnel were terminated as of March 31, 2004. The multiple-employer pension obligation is expected to be paid over 15 years, beginning in 2005.

In 2001, Cooper accrued \$35.0 million reflecting the contractual amounts due to financial advisors associated with Cooper's strategic alternatives review. Cooper paid \$5.0 million to the advisors in the 2001 fourth quarter and \$15.7 million during 2002, leaving a balance of \$14.3 million payable upon the occurrence of certain events. During the second quarter of 2003, the terms of the agreements with the financial advisors expired with the contingent events that required payment not occurring. Accordingly, the accrual was reversed and reflected as a \$14.3 million negative restructuring charge (\$8.6 million, net of taxes) on the consolidated income statement.

During the fourth quarter of 2002, Cooper committed to (1) the closure of ten manufacturing facilities, (2) further employment reductions to appropriately size Cooper's workforce to market conditions, and (3) the write-off of assets related to production rationalization activities. These actions were taken as a part of Cooper management's ongoing assessment of required production capacity in consideration of current demand levels. In connection with these commitments, certain production capacity and related assets were sold, outsourced, discontinued or moved to a lower cost environment. Cooper recorded a provision for these announced actions of \$39.1 million (\$15.0 million of which was non-cash), or \$29.8 million after taxes (\$.32 per diluted common share). Of this amount, \$24.0 million (\$11.0 million of which was non-cash) was associated with the Electrical Products segment, \$12.7 million (\$3.4 million of which was non-cash) was associated with the Tools & Hardware segment and the remainder was related to General Corporate.

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The following table reflects activity related to the fourth quarter 2002 restructuring charge.

	Number of Employees	Accrued Severance	Facilities Closure and Rationalization
		(\$ in millions)	
2002 Restructuring charge	1,206	\$ 18.3	\$ 20.8
Asset write-offs			(15.0)
Employees terminated	(184)		
Cash expenditures		(2.1)	
	_____	_____	_____
Balance at December 31, 2002	1,022	16.2	5.8
Employees terminated	(982)		
Cash expenditures		(14.9)	(2.9)
Reversal of excess accruals	(9)	(0.9)	(0.6)
	_____	_____	_____
Balance at December 31, 2003	31	0.4	2.3
Employees terminated	(31)		
Cash expenditures		(0.4)	(1.7)
	_____	_____	_____
Balance at September 30, 2004		\$	\$ 0.6
	_____	_____	_____

A total of 435 salaried and 771 hourly positions were scheduled to be eliminated as a result of the planned closure and rationalization actions. Of those planned position eliminations, approximately 600 positions were replaced ultimately as a result of Cooper's ongoing efforts to relocate production capacity to lower cost locations. Substantially all of the closure and rationalization activities were initiated and completed by the end of 2003.

See Restructuring in Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information.

Note 12. Charge Related to Discontinued Operations

In October 1998, Cooper sold its Automotive Products business to Federal-Mogul Corporation (Federal-Mogul). These discontinued businesses (including the Abex product line obtained from Pneumo-Abex Corporation (Pneumo) in 1994) were operated through subsidiary companies, and the stock of those subsidiaries was sold to Federal-Mogul pursuant to a Purchase and Sale Agreement dated August 17, 1998 (1998 Agreement). In conjunction with the sale, Federal-Mogul indemnified Cooper for certain liabilities of these subsidiary companies, including liabilities related to the Abex product line and any potential liability that Cooper may have to Pneumo pursuant to a 1994 Mutual Guaranty Agreement between Cooper and Pneumo. On October 1, 2001, Federal-Mogul and several of its affiliates filed a Chapter 11 bankruptcy petition and indicated that Federal-Mogul may not honor the indemnification

obligations to Cooper. As of the date of this filing, Federal-Mogul had not yet filed any notice to reject the 1998 Agreement, which includes the indemnification to Cooper. If Federal-Mogul rejects the 1998 Agreement, Cooper will be relieved of its future obligations under the 1998 Agreement, including specific indemnities relating to payment of taxes and certain obligations regarding insurance for its former Automotive Products businesses. To the extent Cooper is obligated to Pneumo for any asbestos-related claims arising from the Abex product line (Abex Claims), Cooper has rights, confirmed by Pneumo, to significant insurance for such claims. Based on information provided by representatives of Federal-Mogul and recent claims experience, from August 28, 1998 through September 30, 2004, a total of 131,844 Abex Claims were filed, of which 84,776 claims have been resolved leaving 47,068 Abex Claims pending at September 30, 2004, that are the responsibility of Federal-Mogul. During the three months ended September 30, 2004, 7,884 claims were filed and 20,415 claims were resolved. Since August 28, 1998, the average indemnity payment for resolved Abex Claims was \$1,778 before insurance. A total of \$61.4 million was spent on defense costs for the period August 28, 1998 through September 30, 2004. Historically, existing insurance coverage has provided 50% to 80% of the total defense and indemnity payments for Abex Claims.

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With the assistance of independent advisors, Bates White, LLC, in the fourth quarter of 2001 Cooper completed a thorough analysis of its potential exposure for asbestos liabilities in the event Federal-Mogul rejects the 1998 Agreement. Based on Cooper's analysis of its contingent liability exposure resulting from Federal-Mogul's bankruptcy, Cooper concluded that an additional fourth-quarter 2001 discontinued operations provision of \$30 million after-tax, or \$.32 per share, was appropriate to reflect the potential net impact of this issue. The analysis included a review of the twenty-year history of Abex Claims; the average indemnity payments for resolved claims; the jurisdictions in which claims had been filed; Bates White, LLC data on the incidence of asbestos exposure and diseases in various industries; existing insurance coverage including the insurance recovered by Pneumo and Federal-Mogul for pre-bankruptcy claims and the contractual indemnities. Assumptions were made regarding future claim filings and indemnity payments, and, based on the advisor's data, the expected population of persons exposed to asbestos in particular industries. All of this data was used to determine a reasonable expectation of future claims, indemnity payments and insurance coverage. Cooper is preserving its rights as a creditor for breach of Federal-Mogul's indemnification to Cooper and its rights against all Federal-Mogul subsidiaries. Cooper intends to take all actions to seek a resolution of the indemnification issues and future handling of the Abex-related claims within the Federal-Mogul bankruptcy proceedings.

Cooper's fourth-quarter 2001 analysis of the contingent liability exposure assumed that the liabilities would be settled within the Federal-Mogul bankruptcy proceedings. This analysis assumed that representatives of Federal-Mogul, its bankruptcy committees and the future claimants (the Representatives) would reach similar conclusions regarding the potential future liabilities and insurance recoveries as Cooper did based on the Bates White, LLC analysis. Throughout 2003, Cooper worked towards resolution of the indemnification issues and future handling of the Abex-related claims within the Federal-Mogul bankruptcy proceedings. This included negotiations with the Representatives regarding participation in Federal-Mogul's proposed 524(g) asbestos trust. Based on the status of the negotiations in early 2004, Cooper concluded that it is probable that Federal-Mogul will reject the 1998 Agreement. Cooper also concluded that the Representatives would require any negotiated settlement through the Federal-Mogul bankruptcy to be at the high end of the Bates White, LLC liability analysis and with substantially lower insurance recovery assumptions and higher administrative costs.

While Cooper believes that the insurance has significant additional value, extensive litigation with the insurance carriers may be required to receive recoveries and there is risk that court decisions could reduce the value of the recoveries. Additionally, the assumptions on liability payments could prove inaccurate over time. If Cooper is unable to reach a settlement with the Representatives and the 1998 Agreement is rejected, Cooper would be required to reflect an accrual for the total estimated liability and a receivable for the probable insurance recoveries. Generally accepted accounting principles provide relatively conservative requirements for the recording of insurance recoveries and a substantial portion of the potential insurance recoveries would not be reflected as receivables until future events occur.

During late February and early March 2004, Cooper reassessed the accrual required based on the then current status of the negotiations with the Representatives and the liability and insurance receivable that would be required to be recorded if this matter is not settled within the Federal-Mogul bankruptcy. Cooper concluded that resolution within the Federal-Mogul proposed 524(g) asbestos trust would likely be within the range of the liabilities, net of insurance recoveries, that Cooper would accrue if this matter were not settled within the Federal-Mogul bankruptcy. Accordingly, Cooper recorded a \$126.0 million after-tax discontinued operations charge, net of a \$70.9 million income tax benefit, in the fourth quarter of 2003.

Cooper has continued negotiations with the Representatives, but to date has been unable to reach a satisfactory conclusion. At this time, the exact manner in which this issue will be resolved is not known. At September 30, 2004, the accrual for potential liabilities related to the Automotive Products sale and the Federal-Mogul bankruptcy was \$199.3 million.

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Cooper fully and unconditionally guarantees the registered debt securities of Cooper Industries, Inc. (Cooper Ohio), a wholly-owned indirect subsidiary. The following condensed consolidating financial information is included so that separate financial statements of Cooper Ohio are not required to be filed with the Securities and Exchange Commission. The consolidating financial statements present investments in subsidiaries using the equity method of accounting. Intercompany investments in the Class A and Class B common shares are accounted for using the cost method.

Consolidating Income Statements
Three Months Ended September 30, 2004
(in millions)

	Cooper	Cooper Ohio	Other Subsidiaries	Consolidating Adjustments	Total
Revenues	\$	\$ 45.2	\$1,098.2	\$ (3.2)	\$1,140.2
Cost of sales		31.0	770.6	(3.2)	798.4
Selling and administrative expenses	2.0	23.6	186.0		211.6
Interest expense, net	(0.2)	12.2	5.0		17.0
Equity in earnings of subsidiaries, net of tax	91.8	104.4	42.1	(238.3)	
Intercompany income (expense)	(0.7)	(76.6)	77.3		
	—————	—————	—————	—————	—————
Income before income taxes	89.3	6.2	256.0	(238.3)	113.2
Income tax expense (benefit)		(35.9)	59.8		23.9
	—————	—————	—————	—————	—————
Net income	\$89.3	\$ 42.1	\$ 196.2	\$ (238.3)	\$ 89.3
	—————	—————	—————	—————	—————

Three Months Ended September 30, 2003
(in millions)

	Cooper	Cooper Ohio	Other Subsidiaries	Consolidating Adjustments	Total
Revenues	\$	\$ 72.9	\$ 980.8	\$ (5.0)	\$1,048.7
Cost of sales		48.5	701.3	(5.0)	744.8
Selling and administrative expenses	1.7	26.5	169.1		197.3
Interest expense, net	(0.1)	12.9	5.5		18.3
Equity in earnings of subsidiaries, net of tax	78.5	92.8	32.7	(204.0)	

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Intercompany income (expense)	<u>0.2</u>	<u>(76.4)</u>	<u>82.7</u>	<u>(6.5)</u>	<u> </u>
Income before income taxes	77.1	1.4	220.3	(210.5)	88.3
Income tax expense (benefit)	<u> </u>	<u>(31.3)</u>	<u>49.0</u>	<u> </u>	<u>17.7</u>
Net income	<u>\$77.1</u>	<u>\$ 32.7</u>	<u>\$ 171.3</u>	<u>\$(210.5)</u>	<u>\$ 70.6</u>

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Consolidating Income Statements
Nine Months Ended September 30, 2004
(in millions)

	Cooper	Cooper Ohio	Other Subsidiaries	Consolidating Adjustments	Total
Revenues	\$	\$ 185.5	\$3,141.9	\$ (13.3)	\$3,314.1
Cost of sales	0.6	123.3	2,205.0	(13.3)	2,315.6
Selling and administrative expenses	6.7	76.3	549.0		632.0
Interest expense, net	(0.7)	36.1	15.9		51.3
Equity in earnings of subsidiaries, net of tax	260.9	330.9	117.8	(709.6)	
Intercompany income (expense)	(3.4)	(280.5)	283.9		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Income before income taxes	250.9	0.2	773.7	(709.6)	315.2
Income tax expense (benefit)		(117.6)	181.9		64.3
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net income	\$250.9	\$ 117.8	\$ 591.8	\$(709.6)	\$ 250.9
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Nine Months Ended September 30, 2003
(in millions)

	Cooper	Cooper Ohio	Other Subsidiaries	Consolidating Adjustments	Total
Revenues	\$	\$ 210.3	\$2,822.1	\$ (15.0)	\$3,017.4
Cost of sales		138.8	2,012.4	(15.0)	2,136.2
Selling and administrative expenses	5.6	76.0	502.9		584.5
Restructuring		(14.3)			(14.3)
Interest expense, net	(0.2)	42.0	16.1		57.9
Equity in earnings of subsidiaries, net of tax	212.0	274.3	75.5	(561.8)	
Intercompany income (expense)	0.5	(262.4)	269.4	(7.5)	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Income (loss) before income taxes	207.1	(20.3)	635.6	(569.3)	253.1
Income tax expense (benefit)		(95.8)	149.3		53.5
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net income	\$207.1	\$ 75.5	\$ 486.3	\$(569.3)	\$ 199.6
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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Consolidating Balance Sheets
September 30, 2004
(in millions)

	Cooper	Cooper Ohio	Other Subsidiaries	Consolidating Adjustments	Total
Cash and cash equivalents	\$ 70.8	\$ 226.6	\$ 198.2	\$	\$ 495.6
Receivables	0.1	22.4	814.4		836.9
Intercompany receivables	479.5		1,206.1	(1,685.6)	
Inventories			543.4		543.4
Deferred income taxes and other current assets	1.7	130.1	(1.4)		130.4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	552.1	379.1	2,760.7	(1,685.6)	2,006.3
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Property, plant and equipment, less accumulated depreciation		30.1	644.5		674.6
Goodwill			2,069.1		2,069.1
Investment in subsidiaries	2,624.3	6,735.1	84.5	(9,443.9)	
Investment in parent		2,255.3	202.2	(2,457.5)	
Intercompany notes receivable	5.4	102.2	4,856.1	(4,963.7)	
Deferred income taxes and other noncurrent assets		139.6	87.4		227.0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$3,181.8	\$9,641.4	\$10,704.5	\$(18,550.7)	\$4,977.0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Short-term debt	\$	\$	\$ 7.6	\$	\$ 7.6
Accounts payable	32.0	13.1	294.6		339.7
Accrued liabilities	2.4	111.2	334.1		447.7
Accrual for discontinued operations		199.3			199.3
Intercompany payables		1,685.6		(1,685.6)	
Current maturities of long-term debt		152.0	30.1		182.1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	34.4	2,161.2	666.4	(1,685.6)	1,176.4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Long-term debt		767.2	379.7		1,146.9
Intercompany notes payable	43.0	4,813.2	107.5	(4,963.7)	
Other long-term liabilities		313.0	191.5		504.5
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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Total liabilities	<u>77.4</u>	<u>8,054.6</u>	<u>1,345.1</u>	<u>(6,649.3)</u>	<u>2,827.8</u>
Class A common stock	0.9				0.9
Class B common stock	0.6			(0.6)	
Subsidiary common stock			145.5	(145.5)	
Capital in excess of par value	2,835.7	7.8	7,638.6	(10,092.2)	389.9
Retained earnings	294.2	1,736.4	1,729.3	(1,844.1)	1,915.8
Accumulated other nonowner changes in equity	<u>(27.0)</u>	<u>(157.4)</u>	<u>(154.0)</u>	<u>181.0</u>	<u>(157.4)</u>
Total shareholders equity	<u>3,104.4</u>	<u>1,586.8</u>	<u>9,359.4</u>	<u>(11,901.4)</u>	<u>2,149.2</u>
Total liabilities and shareholders equity	<u>\$3,181.8</u>	<u>\$9,641.4</u>	<u>\$10,704.5</u>	<u>\$(18,550.7)</u>	<u>\$4,977.0</u>

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Consolidating Balance Sheets
December 31, 2003
(in millions)

	Cooper	Cooper Ohio	Other Subsidiaries	Consolidating Adjustments	Total
Cash and cash equivalents	\$ 96.4	\$ 257.2	\$ 110.1	\$	\$ 463.7
Receivables		49.8	688.8		738.6
Intercompany receivables	465.9		645.9	(1,111.8)	
Inventories		14.2	537.8		552.0
Deferred income taxes and other current assets	1.6	227.8	(22.9)		206.5
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	563.9	549.0	1,959.7	(1,111.8)	1,960.8
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Property, plant and equipment, less accumulated depreciation		60.1	651.3		711.4
Goodwill		41.4	2,015.2		2,056.6
Investment in subsidiaries	2,485.6	5,849.1	(40.5)	(8,294.2)	
Investment in parent		2,308.2		(2,308.2)	
Intercompany notes receivable	0.1	81.6	4,905.0	(4,986.7)	
Deferred income taxes and other noncurrent assets		186.3	50.2		236.5
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$3,049.6	\$9,075.7	\$9,540.9	\$(16,700.9)	\$4,965.3
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Short-term debt	\$	\$	\$ 6.2	\$	\$ 6.2
Accounts payable	32.4	33.0	263.7		329.1
Accrued liabilities	1.3	153.5	278.9		433.7
Accrual for discontinued operations		252.5			252.5
Intercompany payables		1,111.3	0.5	(1,111.8)	
Current maturities of long-term debt			0.4		0.4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	33.7	1,550.3	549.7	(1,111.8)	1,021.9
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Long-term debt		922.4	414.3		1,336.7
Intercompany notes payable	91.9	4,813.2	81.7	(4,986.8)	
Other long-term liabilities		328.0	160.5		488.5
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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Total liabilities	<u>125.6</u>	<u>7,613.9</u>	<u>1,206.2</u>	<u>(6,098.6)</u>	<u>2,847.1</u>
Class A common stock	0.9				0.9
Class B common stock	0.6			(0.6)	
Subsidiary common stock			141.0	(141.0)	
Capital in excess of par value	2,814.4	6.9	7,065.2	(9,368.5)	518.0
Retained earnings	141.2	1,618.6	1,291.3	(1,288.3)	1,762.8
Accumulated other nonowner changes in equity	<u>(33.1)</u>	<u>(163.7)</u>	<u>(162.8)</u>	<u>196.1</u>	<u>(163.5)</u>
Total shareholders equity	<u>2,924.0</u>	<u>1,461.8</u>	<u>8,334.7</u>	<u>(10,602.3)</u>	<u>2,118.2</u>
Total liabilities and shareholders equity	<u>\$3,049.6</u>	<u>\$9,075.7</u>	<u>\$9,540.9</u>	<u>\$(16,700.9)</u>	<u>\$4,965.3</u>

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Consolidating Statements of Cash Flows
Nine Months Ended September 30, 2004
(in millions)

	<u>Cooper</u>	<u>Cooper Ohio</u>	<u>Other Subsidiaries</u>	<u>Consolidating Adjustments</u>	<u>Total</u>
Net cash provided by (used in) operating activities	\$ (6.2)	\$ (72.7)	\$ 439.4	\$	\$ 360.5
Cash flows from investing activities:					
Capital expenditures		(13.3)	(50.8)		(64.1)
Cash paid for acquired businesses			(10.1)		(10.1)
Intercompany sale (purchase) of investment in parent		109.5	(109.5)		
Intercompany sale (purchase) of investment in subsidiaries		(182.1)	182.1		
Investment in affiliates	(4.8)			4.8	
Loans to affiliates	(39.4)	(23.7)	(82.5)	145.6	
Repayments of loans from affiliates	34.1	3.0	84.5	(121.6)	
Dividends from subsidiaries	134.0	19.8		(153.8)	
Other			8.5		8.5
	<u>123.9</u>	<u>(86.8)</u>	<u>22.2</u>	<u>(125.0)</u>	<u>(65.7)</u>
Net cash provided by (used in) investing activities					
Cash flows from financing activities:					
Proceeds from issuances of debt			2.2		2.2
Repayments of debt			(1.7)		(1.7)
Borrowings from affiliates	83.5		62.1	(145.6)	
Repayments of loans to affiliates	(132.1)		10.5	121.6	
Other intercompany financing activities	3.2	202.0	(205.2)		
Dividends	(97.9)				(97.9)
Dividends paid to affiliates			(153.8)	153.8	
Subsidiary purchase of parent shares		(110.3)	(92.6)		(202.9)
Employee stock plan activity and other		37.2	4.8	(4.8)	37.2
	<u>(143.3)</u>	<u>128.9</u>	<u>(373.7)</u>	<u>125.0</u>	<u>(263.1)</u>
Net cash provided by (used in) financing activities					
Effect of exchange rate changes on cash and cash equivalents			0.2		0.2
	<u>(25.6)</u>	<u>(30.6)</u>	<u>88.1</u>		<u>31.9</u>
Increase (decrease) in cash and cash equivalents					
Cash and cash equivalents, beginning of period	96.4	257.2	110.1		463.7

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	_____	_____	_____	_____	_____
Cash and cash equivalents, end of period	\$ 70.8	\$ 226.6	\$ 198.2	\$	\$ 495.6
	_____	_____	_____	_____	_____

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Consolidating Statements of Cash Flows
Nine Months Ended September 30, 2003
(in millions)

	<u>Cooper</u>	<u>Cooper Ohio</u>	<u>Other Subsidiaries</u>	<u>Consolidating Adjustments</u>	<u>Total</u>
Net cash provided by (used in) operating activities	\$ (5.4)	\$(195.6)	\$ 456.6	\$	\$ 255.6
Cash flows from investing activities:					
Capital expenditures		(9.4)	(44.5)		(53.9)
Loans to affiliates	(15.5)	(26.2)	(15.0)	56.7	
Repayments of loans from affiliates	15.1	21.9	15.0	(52.0)	
Dividends from subsidiaries	101.0	2.0		(103.0)	
Other		2.5	6.4	1.0	9.9
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used in) investing activities	100.6	(9.2)	(38.1)	(97.3)	(44.0)
Cash flows from financing activities:					
Proceeds from issuances of debt			4.3		4.3
Repayments of debt		(169.7)	(1.1)		(170.8)
Borrowings from affiliates		15.0	41.7	(56.7)	
Repayments of loans to affiliates		(15.0)	(37.0)	52.0	
Other intercompany financing activities	3.8	277.5	(281.3)		
Dividends	(97.1)				(97.1)
Dividends paid to parent			(103.0)	103.0	
Subsidiary purchase of parent shares		(5.4)			(5.4)
Employee stock plan activity and other	1.1	40.3	1.0	(1.0)	41.4
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used in) financing activities	(92.2)	142.7	(375.4)	97.3	(227.6)
Effect of exchange rate changes on cash and cash equivalents			7.9		7.9
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Increase (decrease) in cash and cash equivalents	3.0	(62.1)	51.0		(8.1)
Cash and cash equivalents, beginning of period	33.9	244.3	23.8		302.0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents, end of period	<u>\$ 36.9</u>	<u>\$ 182.2</u>	<u>\$ 74.8</u>	<u>\$</u>	<u>\$ 293.9</u>

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Three Months Ended September 30, 2004 Compared With Three Months Ended September 30, 2003

Net income for the third quarter of 2004 was \$89.3 million on revenues of \$1,140.2 million compared with 2003 third quarter net income of \$70.6 million on revenues of \$1,048.7 million. Third quarter diluted earnings per share increased 26.7% to \$.95 from \$.75 in 2003.

Revenues:

Revenues for the third quarter of 2004 increased 8.7% compared to the third quarter of 2003. The impact of foreign currency translation increased reported revenues by approximately 2% for the quarter.

Electrical Products segment revenues for the third quarter of 2004 increased 10.6% compared to the third quarter of 2003. Foreign currency translation increased revenues by approximately 2% for the quarter. All of Cooper's Electrical Products businesses experienced revenue growth during the quarter. The Company's wiring devices, support systems and power transmission and distribution equipment businesses all reported double-digit revenue increases for the period. Continued strong demand from electronics markets also positively impacted sales of Cooper's circuit protection products. Cooper's lighting business achieved solid growth as demand from major retailers returned to more normalized levels following second-quarter inventory reductions, and sales to commercial and industrial markets showed signs of improvement during the quarter. Cooper's hazardous-duty equipment business grew modestly due to continued sluggish U.S. project business. Revenues in Cooper's European lighting and security business registered double-digit increases compared to the prior-year period, reflecting foreign-exchange gains and modest underlying growth in European commercial markets.

Tools & Hardware segment revenues for the third quarter of 2004 increased slightly from the third quarter of 2003. Foreign currency translation increased revenues by approximately 2% for the quarter. Tools & Hardware segment revenues were impacted by reduced shipments of large-scale automated assembly systems to the automotive industry. These reductions were offset by increased revenue from hand tools and power tools, which were driven primarily from improved industrial markets and sales of new products.

Costs and Expenses:

Cost of sales, as a percentage of revenues, was 70.0% for the third quarter of 2004 compared to 71.0% for the comparable 2003 quarter. The decrease in the cost of sales percentage reflects leverage on higher revenues and a reduction in costs from productivity and restructuring initiatives, partially offset by higher material costs.

Electrical Products segment cost of sales, as a percentage of revenues, was 69.5% for the third quarter of 2004 compared to 69.7% for the third quarter of 2003. The decrease in cost of sales percentage was the result of improved leverage and productivity gains, which was partially offset by significant cost increases in several key materials and components used in Cooper's products and the impact of the highest revenue growth occurring in lower margin products. Tools & Hardware segment cost of sales, as a percentage of revenues, was 72.5% for the third quarter of 2004 compared to 76.9% for the third quarter of 2003. The decrease in cost of sales percentage reflects improvements in the segment's cost structure, productivity gains and lower shipments of low margin automated assembly systems in the current period.

Selling and administrative expenses, as a percentage of revenues, for the third quarter of 2004 were 18.6% compared to 18.8% for the third quarter of 2003. The decrease in the selling and administrative

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expenses percentage reflects leverage from increased revenues, partially offset by higher stock-based compensation and other incentive program expenses.

Electrical Products segment selling and administrative expenses, as a percentage of revenues, for the third quarter of 2004 were 16.7% compared to 16.9% for the third quarter of 2003. The decrease in selling and administrative expenses percentage reflects leverage from higher sales volumes.

Tools & Hardware segment selling and administrative expenses, as a percentage of revenues, for the third quarter of 2004 were 17.8% compared to 18.3% for the third quarter of 2003. The decrease in the selling and administrative expenses percentage is primarily due to continuing efforts to reduce the cost structure of these businesses.

Interest expense, net for the third quarter of 2004 decreased \$1.3 million from the 2003 third quarter primarily as a result of higher average cash and cash equivalents balances. Average debt balances were \$1.33 billion and \$1.31 billion and average interest rates were approximately 5.7% for both the third quarter of 2004 and 2003, respectively.

Operating Earnings:

Electrical Products segment third quarter 2004 operating earnings increased 13.9% to \$131.2 million from \$115.2 million for the same quarter of last year. The increase was primarily due to leverage from revenue increases, cost reduction actions and productivity improvement initiatives, partially offset by increased material costs.

Tools & Hardware segment third quarter 2004 operating earnings increased 103.3% to \$18.3 million compared to \$9.0 million in the third quarter of 2003. The increase primarily reflects the favorable impact of manufacturing rationalization efforts, favorable sales mix and productivity improvements.

General Corporate expense increased \$1.7 million to \$19.3 million during the third quarter of 2004 compared to \$17.6 million during the third quarter of 2003. This increase primarily resulted from the impact of stock-based compensation expense.

Income Taxes:

During the third quarter of 2004, the effective tax rate for calendar year 2004 was increased to 20.4% from the 20% effective rate in the first six months of 2004, resulting in an effective tax rate of 21.1% for the three months ended September 30, 2004. The effective tax rate was 20.0% for the three months ended September 30, 2003. The increase in the effective tax rate is primarily due to higher projected annual earnings for 2004 taxed at a 36% incremental tax rate.

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Nine Months Ended September 30, 2004 Compared With Nine Months Ended September 30, 2003

Net income for the first nine months of 2004 was \$250.9 million on revenues of \$3,314.1 million compared with 2003 first nine months net income of \$199.6 million on revenues of \$3,017.4 million. Diluted earnings per share for the first nine months of 2004 increased 23.8% to \$2.65 from \$2.14 during the same period of 2003. Net income for the first nine months of 2003 included \$8.6 million, or \$.09 per diluted share, from the reversal of a restructuring accrual.

Revenues:

Revenues for the first nine months of 2004 increased 9.8% compared to the first nine months of 2003. The impact of foreign currency translation increased revenues during the period by approximately 2%.

Electrical Products segment revenues for the first nine months of 2004 increased 10.7% compared to the comparable prior year period. Foreign currency translation contributed approximately 2% to the revenue increase during the first nine months of 2004. Each of Cooper's Electrical Products businesses experienced growth reflecting improved demand from core industrial, commercial, utility and electronics markets. Growth also resulted from Cooper's strategic market penetration programs and new product introductions, as well as increased pricing to customers to offset higher material costs. Volume growth was strongest in the circuit protection, power transmission and distribution and wiring devices businesses.

Tools & Hardware segment revenues for the first nine months of 2004 increased 5.7% from the same period of 2003. Foreign currency translation increased revenues by approximately 3% in the first nine months of 2004. Tools & Hardware segment revenues were driven by strong retail channel sales and improved industrial demand for hand tools and power tools and accessories, as well as market penetration primarily driven by new product introductions. Increases were partially offset by lower volumes of large automated assembly system equipment to the worldwide automotive industry.

Costs and Expenses:

Cost of sales, as a percentage of revenues, was 69.9% for the first nine months of 2004 compared to 70.8% for the comparable 2003 period. The decrease in the cost of sales percentage was primarily the result of benefits from restructuring and productivity initiatives along with increased leverage of the fixed cost structure. These reductions were partially offset by increased cost pressures on key components and materials.

Electrical Products segment cost of sales, as a percentage of revenues, was 69.2% for the first nine months of 2004 compared to 69.9% for the first nine months of 2003. The decrease in the cost of sales percentage was primarily a result of productivity improvement initiatives and improved leverage, partially offset by industry-wide cost increases on key components and materials. Tools & Hardware segment cost of sales, as a percentage of revenues, was 72.9% for the first nine months of 2004 compared to 75.4% for the same period of 2003. The decrease in cost of sales percentage primarily reflects cost efficiencies from restructuring activities, leverage from increased revenues and lower sales of low margin assembly equipment systems, partially offset by increased product component and material costs.

Selling and administrative expenses, as a percentage of revenues, for the first nine months of 2004 were 19.1% compared to 19.4% for the first nine months of 2003. The decrease in the selling and administrative expenses percentage is due to leverage from increased revenues, partially offset by higher stock-based and other incentive compensation costs.

Electrical Products segment selling and administrative expenses, as a percentage of revenues, for the first nine months of 2004 were 17.0% compared to 17.1% for the first nine months of 2003. The decrease in selling and administrative expenses percentage reflects leverage from increased sales partially offset by higher incentive based compensation costs.

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Tools & Hardware segment selling and administrative expenses, as a percentage of revenues, for the first nine months of 2004 were 19.3% compared to 20.2% for the first nine months of 2003. The decrease in the selling and administrative expenses percentage is primarily due to actions to control costs and leverage from increased revenues.

Interest expense, net for the first nine months of 2004 decreased \$6.6 million from the 2003 first nine months primarily as a result of lower average interest rates and slightly lower average debt balances, along with higher average cash and cash equivalents balances. Average debt balances were \$1.33 billion and \$1.34 billion and average interest rates were approximately 5.6% and 5.9% for the first nine months of 2004 and 2003, respectively. The decrease in average interest rates primarily resulted from the benefit of interest-rate swaps entered into during August 2003 that effectively converted \$300 million of 5.25% fixed-rate debt to variable-rate debt at the six month LIBOR rate plus 1.91%.

Operating Earnings:

Electrical Products segment year-to-date 2004 operating earnings increased 17.5% to \$381.4 million from \$324.7 million for the same period of last year. The increase reflects leverage from revenue increases, aided by cost reduction initiatives, partially offset by increased material costs.

Tools & Hardware segment year-to-date 2004 operating earnings increased 89.8% to \$42.7 million compared to \$22.5 million in the same period of 2003. The increase primarily reflects benefits of restructuring efforts and the impact of favorable product mix from reduced shipments of lower margin assembly equipment systems, partially offset by higher material costs.

General Corporate expense increased \$7.1 million to \$57.6 million during the first nine months of 2004 compared to \$50.5 million during the same period of 2003. This increase primarily resulted from the incremental impact of stock-based and other incentive compensation expense.

Restructuring:

During the fourth quarter of 2003, Cooper recorded net restructuring charges of \$16.9 million, or \$13.6 million after taxes (\$.14 per diluted common share). This represented costs associated with restructuring projects undertaken in 2003 of \$18.4 million, partially offset by a \$1.5 million adjustment of estimates for restructuring projects initiated in 2002.

The most significant action included in the charges was an announcement of the closing of Cooper Wiring Devices manufacturing operations in New York City. This action will include the withdrawal from a multiple-employer pension plan. Cooper recorded a \$12.5 million obligation as an estimate of Cooper's portion of unfunded benefit obligations of the plan. The remaining \$5.9 million charge primarily represents severance for announced employment reductions at several locations. The 2003 net impact of the charges was \$16.4 million on the Electrical Products segment, \$(0.4) million on the Tools & Hardware segment and \$0.9 million related to General Corporate. As of September 30, 2004, Cooper had paid a total of \$4.4 million for these actions; substantially all of which was for severance and related costs.

A total of 114 salaried and 150 hourly personnel were scheduled to be eliminated as a result of these actions, and substantially all of the personnel were terminated as of March 31, 2004. The majority of the remaining severance obligation will be paid through the first half of 2005. The multiple-employer pension obligation is expected to be paid over 15 years, beginning in 2005. Cooper estimates the annual savings from the personnel reductions will be approximately \$6.0 million, (net of the anticipated additional employees added in lower-cost regions) with most of the savings beginning in the first quarter of 2004. The savings from the withdrawal from the multiple-employer pension

plan are approximately \$1.0 million per year and are expected to begin in 2005. The majority of the eliminated costs previously was reflected as cost of sales.

During the fourth quarter of 2002, Cooper committed to (1) the closure of ten manufacturing facilities, (2) further employment reductions to appropriately size Cooper's workforce to market conditions,

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and (3) the write-off of assets related to production rationalization activities. These actions were taken as a part of Cooper management's ongoing assessment of required production capacity in consideration of current demand levels. In connection with these commitments, certain production capacity and related assets were sold, outsourced, discontinued or moved to a lower cost environment. Cooper recorded a provision for these announced actions of \$39.1 million (\$15.0 million of which was non-cash), or \$29.8 million after taxes (\$.32 per diluted common share). Of this amount, \$24.0 million (\$11.0 million of which was non-cash) was associated with the Electrical Products segment, \$12.7 million (\$3.4 million of which was non-cash) was associated with the Tools & Hardware segment and the remainder was related to General Corporate. Of the \$24.1 million of charges resulting in cash expenditures, \$0.6 million remained to be expended at September 30, 2004.

The following table reflects activity related to the fourth quarter 2002 restructuring charge.

	Number of Employees	Accrued Severance	Facilities Closure and Rationalization
		(\$ in millions)	
2002 Restructuring charge	1,206	\$ 18.3	\$ 20.8
Asset write-offs			(15.0)
Employees terminated	(184)		
Cash expenditures		(2.1)	
	_____	_____	_____
Balance at December 31, 2002	1,022	16.2	5.8
Employees terminated	(982)		
Cash expenditures		(14.9)	(2.9)
Reversal of excess accruals	(9)	(0.9)	(0.6)
	_____	_____	_____
Balance at December 31, 2003	31	0.4	2.3
Employees terminated	(31)		
Cash expenditures		(0.4)	(1.7)
	_____	_____	_____
Balance at September 30, 2004	_____	\$ _____	\$ 0.6

A total of 435 salaried and 771 hourly positions were scheduled to be eliminated as a result of the planned closure and rationalization actions. Of those planned position eliminations, approximately 600 positions were replaced ultimately as a result of Cooper's ongoing efforts to relocate production capacity to lower cost locations. Substantially all of the closure and rationalization activities were initiated and completed by the end of 2003. The expenditures related to the 2002 restructuring charge were funded from cash provided by operating activities.

Cooper estimates that the earnings impact in 2003 from these actions was approximately \$10 million in pretax savings, the majority of which benefited the second half of the year. The initial savings were realized from personnel

reductions that principally impacted selling and administrative expenses and lower costs of sales. Cooper expects that incremental savings of \$25.0 to \$30.0 million will be realized in 2004, largely reflected as lower cost of sales.

In 2001, Cooper accrued \$35.0 million reflecting the contractual amounts due to financial advisors associated with Cooper's strategic alternatives review. Cooper paid \$5.0 million to the advisors in the 2001 fourth quarter and \$15.7 million during 2002, leaving a balance of \$14.3 million payable upon the occurrence of certain events. During the second quarter of 2003, the terms of the agreements with the financial advisors expired with the contingent events that required payment not occurring. Accordingly, the accrual was reversed and reflected as a \$14.3 million negative restructuring charge (\$8.6 million, net of taxes) on the consolidated income statement.

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Income Taxes:

The effective tax rate was 20.4% for the nine months ended September 30, 2004 and 21.1% for the nine months ended September 30, 2003. The reversal of a restructuring accrual increased the effective tax rate for the nine months ended September 30, 2003 by 1.1 percentage points.

Liquidity and Capital Resources

Liquidity:

Cooper's operating working capital (defined as receivables and inventories less accounts payable) increased \$79.1 million during the first nine months of 2004. The increase included a \$98 million increase in receivables partially offset by an \$8 million decrease in inventories and an \$11 million increase in accounts payable. The increases in receivables and payables were driven by increased sales volume. The decrease in inventories was driven by Cooper's ongoing efforts to improve inventory turns. Operating working capital turnover (defined as annualized revenues divided by average quarterly operating working capital) for the first nine months of 2004 of 4.4 turns increased from 4.0 turns in the same period of 2003. This increase was the result of the higher revenue level and a slightly lower average operating working capital balance during the 2004 period driven by Cooper productivity initiatives.

Cash provided by operating activities was \$361 million during the first nine months of 2004. This cash, plus an additional \$37 million of cash received from employee stock activity were primarily used to fund capital expenditures of \$64 million, an acquisition of \$10 million, dividends of \$98 million and share purchases of \$203 million.

Cash provided by operating activities was \$256 million for the first nine months of 2003. Cash provided by operating activities plus an additional \$41 million of cash received from employee stock activity, as well as cash and cash equivalents were used to fund capital expenditures of \$54 million, dividends of \$97 million, net debt repayments of \$167 million and share purchases of \$5 million during the first nine months of 2003.

Cooper is continuing to focus on initiatives to maximize cash flows. Cooper currently anticipates a continuation of its long-term ability to annually generate in excess of \$200 million in cash flow available for acquisitions, debt repayments and common stock repurchases.

In connection with acquisitions accounted for as purchases, Cooper records, to the extent appropriate, accruals for the costs of closing duplicate facilities, severing redundant personnel and integrating the acquired businesses into existing Cooper operations. Cash flows from operating activities are reduced by the amounts expended against the various accruals established in connection with each acquisition. Spending against these accruals was \$4.5 million and \$8.1 million during the nine months ended September 30, 2004 and 2003, respectively.

Capital Resources:

Cooper has targeted a 35% to 45% debt-to-total capitalization ratio and intends to utilize cash flows to maintain a debt-to-total capitalization ratio within this range. Excess cash flows are utilized to fund acquisitions or to purchase shares of Cooper common stock. Cooper's debt-to-total capitalization ratio was 38.3% at September 30, 2004, 38.8% at December 31, 2003 and 37.7% at September 30, 2003.

At September 30, 2004 and December 31, 2003, Cooper had no commercial paper outstanding and cash and cash equivalents of \$495.6 million and \$463.7 million, respectively.

Cooper's practice is to back up outstanding commercial paper balances with a combination of cash and committed bank credit facilities. As of September 30, 2004, committed bank credit facilities totalled

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\$450 million and mature on November 17, 2004. Cooper intends to enter into a new committed bank credit facility during the fourth quarter of 2004. With no commercial paper outstanding and more than adequate cash and cash equivalents available to fund operations, Cooper is not currently dependent upon its committed bank credit facilities to finance its operations. Outstanding commercial paper balances, to the extent not backed up by cash, reduce the amount of available borrowings under the committed bank credit facilities. The credit facility agreements do not contain a material adverse change clause. The principal financial covenants in the agreements limit Cooper's debt-to-total capitalization ratio to 60% and require Cooper to maintain a minimum earnings before interest expense, income taxes, depreciation and amortization to interest ratio of 3 to 1. Cooper is in compliance with all covenants set forth in the credit facility agreements.

Cooper's access to the commercial paper market could be adversely affected by a change in the credit ratings assigned to its commercial paper. Should Cooper's access to the commercial paper market be adversely affected due to a change in its credit ratings, Cooper would rely on a combination of available cash and its committed bank credit facilities to provide short-term funding. The committed bank credit facilities do not contain any provision which makes their availability to Cooper dependent on Cooper's credit ratings.

Cooper terminated the shelf registration with respect to the \$225 million of debt securities that was still available for issuance effective August 6, 2004.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

As of September 30, 2004, there have been no material changes to Cooper's off-balance sheet arrangements and contractual obligations as described in its Annual Report on Form 10-K for the year ended December 31, 2003.

Backlog

Sales backlog represents the dollar amount of all firm open orders for which all terms and conditions pertaining to the sale have been approved such that a future sale is reasonably expected. Sales backlog by segment was as follows:

	September 30,	
	2004	2003
	(in millions)	
Electrical Products	\$324.0	\$254.8
Tools & Hardware	75.1	87.5
	—————	—————
	\$399.1	\$342.3
	—————	—————

Private Securities Litigation Reform Act Safe Harbor Statement

This Form 10-Q includes certain forward-looking statements. The forward-looking statements reflect Cooper's expectations, objectives and goals with respect to future events and financial performance, and are based on assumptions and estimates which Cooper believes are reasonable. Forward-looking statements include, but are not

limited to, statements regarding the facilities closure and production rationalization plan and cost-reduction programs, potential liability exposure resulting from Federal-Mogul Corporation's (Federal-Mogul) bankruptcy filing, and any statements regarding future revenues, cost and expenses, earnings, earnings per share, margins, cash flows and capital expenditures. Cooper wishes to caution readers not to put undue reliance on these statements and that actual results could differ materially from anticipated results. Important factors which may affect the actual results include, but are not limited to, the resolution of Federal-Mogul's bankruptcy proceedings, political developments, market and economic conditions, changes in raw material and energy costs, industry competition, the net effects of Cooper's cost-reduction programs, the timing and net effects of facility closures and the magnitude of any disruptions from such closures, the successful implementation of Cooper's strategic initiatives, changes in mix of products

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sold, mergers and acquisitions and their integration into Cooper, the timing and amount of any share repurchases, changes in financial markets including foreign currency rate fluctuations and changing legislation and regulations including changes in tax law, tax treaties or tax regulations. The forward-looking statements contained in this report are intended to qualify for the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended.

Item 4. Controls and Procedures

As of the end of the period covered by this report, Cooper's management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the design and operation of Cooper's disclosure controls and procedures. Based on that evaluation, Cooper's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the disclosure controls and procedures are effective. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this evaluation.

Cooper has begun a multi-year process of implementing an Enterprise Business System (EBS) globally. Implementing an EBS system on a global basis involves significant changes in business processes. The implementation is phased, which reduces the risks associated with making these changes. In addition, Cooper is taking the necessary steps to monitor and maintain appropriate internal controls during the implementations.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

Cooper is subject to various suits, legal proceedings and claims that arise in the normal course of business. While it is not feasible to predict the outcome of these matters with certainty, management is of the opinion that their ultimate disposition should not have a material adverse effect on Cooper's financial statements.

In October 1998, Cooper sold its Automotive Products business to Federal-Mogul Corporation (Federal-Mogul). These discontinued businesses (including the Abex product line obtained from Pneumo-Abex Corporation (Pneumo) in 1994) were operated through subsidiary companies, and the stock of those subsidiaries was sold to Federal-Mogul pursuant to a Purchase and Sale Agreement dated August 17, 1998 (1998 Agreement). In conjunction with the sale, Federal-Mogul indemnified Cooper for certain liabilities of these subsidiary companies, including liabilities related to the Abex product line and any potential liability that Cooper may have to Pneumo pursuant to a 1994 Mutual Guaranty Agreement between Cooper and Pneumo. On October 1, 2001, Federal-Mogul and several of its affiliates filed a Chapter 11 bankruptcy petition and indicated that Federal-Mogul may not honor the indemnification obligations to Cooper. As of the date of this filing, Federal-Mogul had not yet filed any notice to reject the 1998 Agreement, which includes the indemnification to Cooper. If Federal-Mogul rejects the 1998 Agreement, Cooper will be relieved of its future obligations under the 1998 Agreement, including specific indemnities relating to payment of taxes and certain obligations regarding insurance for its former Automotive Products businesses. To the extent Cooper is obligated to Pneumo for any asbestos-related claims arising from the Abex product line (Abex Claims), Cooper has rights, confirmed by Pneumo, to significant insurance for such claims. Based on information provided by representatives of Federal-Mogul and recent claims experience, from August 28, 1998 through September 30, 2004, a total of 131,844 Abex Claims were filed, of which 84,776 claims have been resolved leaving 47,068 Abex Claims pending at September 30, 2004, that are the responsibility of Federal-Mogul. During the three months ended September 30, 2004, 7,884 claims were filed and 20,415 claims were resolved. Since August 28, 1998, the average

indemnity payment for resolved Abex Claims was \$1,778 before insurance. A total of \$61.4 million was spent on defense costs for the period August 28, 1998 through September 30, 2004. Historically, existing insurance coverage has provided 50% to 80% of the total defense and indemnity payments for Abex Claims.

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With the assistance of independent advisors, Bates White, LLC, in the fourth quarter of 2001 Cooper completed a thorough analysis of its potential exposure for asbestos liabilities in the event Federal-Mogul rejects the 1998 Agreement. Based on Cooper's analysis of its contingent liability exposure resulting from Federal-Mogul's bankruptcy, Cooper concluded that an additional fourth-quarter 2001 discontinued operations provision of \$30 million after-tax, or \$.32 per share, was appropriate to reflect the potential net impact of this issue. The analysis included a review of the twenty-year history of Abex Claims; the average indemnity payments for resolved claims; the jurisdictions in which claims had been filed; Bates White, LLC data on the incidence of asbestos exposure and diseases in various industries; existing insurance coverage including the insurance recovered by Pneumo and Federal-Mogul for pre-bankruptcy claims and the contractual indemnities. Assumptions were made regarding future claim filings and indemnity payments, and, based on the advisor's data, the expected population of persons exposed to asbestos in particular industries. All of this data was used to determine a reasonable expectation of future claims, indemnity payments and insurance coverage. Cooper is preserving its rights as a creditor for breach of Federal-Mogul's indemnification to Cooper and its rights against all Federal-Mogul subsidiaries. Cooper intends to take all actions to seek a resolution of the indemnification issues and future handling of the Abex-related claims within the Federal-Mogul bankruptcy proceedings.

Cooper's fourth-quarter 2001 analysis of the contingent liability exposure assumed that the liabilities would be settled within the Federal-Mogul bankruptcy proceedings. This analysis assumed that representatives of Federal-Mogul, its bankruptcy committees and the future claimants (the Representatives) would reach similar conclusions regarding the potential future liabilities and insurance recoveries as Cooper did based on the Bates White, LLC analysis. Throughout 2003, Cooper worked towards resolution of the indemnification issues and future handling of the Abex-related claims within the Federal-Mogul bankruptcy proceedings. This included negotiations with the Representatives regarding participation in Federal-Mogul's proposed 524(g) asbestos trust. Based on the status of the negotiations in early 2004, Cooper concluded that it is probable that Federal-Mogul will reject the 1998 Agreement. Cooper also concluded that the Representatives would require any negotiated settlement through the Federal-Mogul bankruptcy to be at the high end of the Bates White, LLC liability analysis and with substantially lower insurance recovery assumptions and higher administrative costs.

While Cooper believes that the insurance has significant additional value, extensive litigation with the insurance carriers may be required to receive recoveries and there is risk that court decisions could reduce the value of the recoveries. Additionally, the assumptions on liability payments could prove inaccurate over time. If Cooper is unable to reach a settlement with the Representatives and the 1998 Agreement is rejected, Cooper would be required to reflect an accrual for the total estimated liability and a receivable for the probable insurance recoveries. Generally accepted accounting principles provide relatively conservative requirements for the recording of insurance recoveries and a substantial portion of the potential insurance recoveries would not be reflected as receivables until future events occur.

During late February and early March 2004, Cooper reassessed the accrual required based on the then current status of the negotiations with the Representatives and the liability and insurance receivable that would be required to be recorded if this matter is not settled within the Federal-Mogul bankruptcy. Cooper concluded that resolution within the Federal-Mogul proposed 524(g) asbestos trust would likely be within the range of the liabilities, net of insurance recoveries, that Cooper would accrue if this matter were not settled within the Federal-Mogul bankruptcy. Accordingly, Cooper recorded a \$126.0 million after-tax discontinued operations charge, net of a \$70.9 million income tax benefit, in the fourth quarter of 2003.

Cooper has continued negotiations with the Representatives, but to date has been unable to reach a satisfactory conclusion. At this time, the exact manner in which this issue will be resolved is not known. At September 30, 2004, the accrual for potential liabilities related to the Automotive Products sale and the Federal-Mogul bankruptcy was \$199.3 million.

Table of Contents**Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities**

The following table reflects activity related to equity securities purchased by Cooper's wholly-owned subsidiaries during the three months ended September 30, 2004:

Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾⁽²⁾
As of 6/30/04				455,250
7/01/04 - 7/31/04		\$		455,250
8/01/04 - 8/31/04	694,200	54.76	694,200	161,050
9/01/04 - 9/30/04				161,050
Total	694,200	\$ 54.76	694,200	

(1) On February 9, 2000, Cooper publicly announced that its Board of Directors authorized the repurchase of up to 5 million shares of Cooper common stock. Cooper has also announced that the Board authorized the repurchase of shares issued from time to time under its equity compensation plans and Dividend Reinvestment and Stock Purchase Plan in order to offset the dilution that results from issuing shares under these plans. The above table reflects anticipated issuances under these plans of 1.6 million shares in 2004.

(2) On November 2, 2004, Cooper's Board of Directors authorized the repurchase of up to five million additional shares of the Cooper's Class A common stock.

Item 5. Other Information

Our independent auditor, Ernst & Young LLP (E&Y) has recently notified the Securities and Exchange Commission, the Public Company Accounting Oversight Board and the Audit Committee of Cooper's Board of Directors that E&Y's affiliate in China performed certain non-audit services that raise issues under the auditor independence rules. Specifically, in fiscal year 2002, E&Y's affiliate in China performed certain income tax compliance services for an immaterial subsidiary and certain expatriate employees. Cooper forwarded the relevant tax payments to E&Y's affiliate in China which then remitted the tax payments to the applicable tax authority. Custody of assets of an audit client is not permitted under the auditor independence rules under Regulation S-X of the Securities Exchange Act of 1934, as amended. Cooper, its Audit Committee and E&Y have considered the impact that providing these services may have had on E&Y's independence with respect to Cooper and concluded that there has been no impairment of E&Y's independence. The associated fees over the 10-month period that these services were provided aggregated approximately \$9,000. Factors considered in making this determination included the ministerial nature of the services, the de minimus amount of the fees and the insignificant amount of the funds involved, and that the subsidiary involved was immaterial to the consolidated financial statements of Cooper.

Item 6. Exhibits

- 12. Computation of Ratios of Earnings to Fixed Charges for the Calendar Years 1999 through 2003 and the Nine Months Ended September 30, 2004 and 2003.
- 23. Consent of Bates White, LLC.
- 31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

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32.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Cooper Industries, Ltd.

(Registrant)

Date: November 5, 2004

/s/ Terry A. Klebe

Terry A. Klebe
Senior Vice President and
Chief Financial Officer

Date: November 5, 2004

/s/ Jeffrey B. Levos

Jeffrey B. Levos
Vice President and Controller and
Chief Accounting Officer

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Exhibit Index

Exhibit No.

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